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Cryptomining Capacity in U.S. Rivals Energy Use of Houston, Findings Show

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Byline: Hiroko Tabuchi

Highlight: The findings, by a congressional investigation, highlight how the surge in activity has caused consumers' electrical bills to rise and makes it harder to fight global warming.

Body

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Seven of the largest Bitcoin mining companies in the United States are set up to use nearly as much electricity as all the homes in Houston, according to data disclosed Friday as part of an investigation by congressional Democrats who say miners should be required to report their energy use.

The United States has seen an influx of cryptocurrency miners, who use powerful, energy-intensive computers to create and track the virtual currencies, after China cracked down on the practice last year. Democrats led by Senator Elizabeth Warren are also calling for the companies to report their emissions of carbon dioxide, the greenhouse gas that is the main driver of climate change.

"This limited data alone reveals that cryptominers are large energy users that account for a significant — and rapidly growing — amount of carbon emissions," Senator Warren and five other members of Congress wrote in a letter to the heads of the Environmental Protection Agency and Department of Energy. "But little is known about the full scope of cryptomining activity," they wrote.

Research has shown that a surge in cryptomining is also significantly raising energy costs for local residents and small businesses, and has added to the strain on the power grid in states like Texas, the letter noted.

Cryptocurrencies like Bitcoin have grown exponentially since they were introduced more than a decade ago, and in recent years, so have concerns over cryptomining, the process of creating a virtual coin. That process, a complex guessing game using powerful and power-hungry computers, is highly energy intensive. Worldwide, Bitcoin mining *uses more electricity than many countries*.

Earlier this year, a group of congressional Democrats launched an investigation into energy use at the country's largest cryptomining companies. They asked seven cryptomining companies for data on their operations, and the group's findings, issued Friday, are based on the companies' responses.

That data showed that the seven companies alone had set up to tap as much as 1,045 megawatts of power, or enough electricity to power all the residences in a city the size of Houston, the nation's fourth-largest city with 2.3 million residents. The companies also said that they plan to expand their capacity at an eye-popping rate.

One of the largest cryptomining companies in the United States, Marathon Digital Holdings, told the probe that it operated almost 33,000 highly specialized, power-intensive computers, known as "mining rigs," as of February, up

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from just over 2,000 at the start of 2021. By early next year, it intends to get that number up to 199,000 rigs, an almost hundredfold increase in two years, it said.

The company currently operates *a cryptomining center* powered by the Hardin Generating Station in Montana, which generates electricity by burning coal, the dirtiest fuel. But in April, Marathon announced that it would be moving those operations to "new locations with more sustainable sources of power" and that the company was moving toward achieving carbon neutrality. It did not provide further details.

Cryptomining companies are often located near power sources because of their heavy demand for electricity.

Greenidge Generation Holdings, which operates a Bitcoin mining center powered by a natural gas plant in upstate New York, said it expected to ramp up its mining capacity tenfold in multiple locations, including in South Carolina and Texas, by 2025. But New York last month refused to renew an air pollution permit for the facility, calling Greenidge's cryptomining operations a threat to the state's goals to limit emissions of greenhouse gases in order to fight climate change. Greenidge has said it could continue to operate under its current permit while it challenged the state's decision.

Overall, the biggest seven cryptomining companies expected to increase their total mining capacity by at least 2,399 megawatts in the coming years, an increase of nearly 230 percent from current levels, and enough energy to power 1.9 million residences.

Some cryptomining companies say they operate using renewable energy. Riot Blockchain, in the response it provided to the senators' request for information, pointed to its Coinmint mining facility in Massena, N.Y., which uses hydroelectricity almost exclusively. But its far larger Whinstone facility draws power from the Texas grid, which relies on coal or natural gas for more than 60 percent of its generating capacity, the letter said.

The company's chief executive, Jason Les, said in a statement that renewable energy in Texas continued to grow and that cryptominers had the flexibility to shut down during high periods of demand, relieving pressure on the grid.

Surging demand from cryptomining, meanwhile, has also been blamed for driving up local electricity bills. A study by researchers at the University of California, Berkeley, found that the power demands of cryptominers in upstate New York *had pushed up annual electric bills* by about $165 million for small businesses, and $79 million for individual households. That came out to about $71 a year extra for the average household, or about a 6 percent increase.

It was unclear how a recent slump in cryptocurrency prices would affect expansion plans. And the overall picture of cryptominers' energy use beyond the seven companies was also not clear.

Given these concerns, Senator Warren said in her letter, the E.P.A. and D.O.E. should work together to establish rules that would require cryptominers to report their energy use and emissions. That would allow the federal government to monitor energy use and trends with an eye to starting to regulate a largely unregulated industry.

The White House *is also studying policy recommendations* to lower cryptocurrency mining's energy consumption and emissions footprint, Bloomberg Law reported last month.

China's *crackdown on cryptocurrencies* upended the crypto world last year, triggering a mass exodus of miners. Data compiled by researchers at Cambridge show that the United States *is now the world's largest Bitcoin mining hub*, making up about 37 percent of the global hashrate, a measure of the computing power used for mining.

PHOTOS: A Bitcoin mining facility in Texas. The U.S. has seen an influx of miners. (PHOTOGRAPH BY MARK FELIX/AGENCE FRANCE-PRESSE — GETTY IMAGES); Greenidge Generation plant in Dresden, N.Y., powers a cryptomining facility. (PHOTOGRAPH BY JULIE JACOBSON/ASSOCIATED PRESS)

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